

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **CHAIRMAN BILL GLASER**, on March 5, 2001 at 3:12 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bill Glaser, Chairman (R)
Sen. Jack Wells, Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Jon Ellingson (D)
Sen. Jim Elliott (D)
Sen. Alvin Ellis Jr. (R)
Sen. Sam Kitzenberg (R)
Sen. Don Ryan (D)
Sen. Debbie Shea (D)
Sen. Mike Sprague (R)

Members Excused: Sen. Dale Berry (R)
Sen. Mignon Waterman (D)

Members Absent: None.

Staff Present: Linda Ashworth, Committee Secretary
Eddy McClure, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 108, 3/1/2001; HB 110,
3/1/2001; HB 358, 3/1/2001; HB
268, 3/1/2001
Executive Action: HB 108; HB 110; HB 268; HB
358; SB 101; SB 239

HEARING ON HB 108

Sponsor: REP. MARK NOENNIG, HD 9, BILLINGS

Proponents: **Bob Vogel, Montana School Boards Association**
 Loran Frazier, School Administrators of Montana

Opponents: None

Opening Statement by Sponsor:

REP. MARK NOENNIG opened on HB 108. He testified the bill would allow school districts to enter into a cooperative purchasing contract with one or more school districts for the procurement of supplies and services.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 1}

Proponents' Testimony:

Bob Vogel, Montana School Boards Association, rose in support of HB 108. **Mr. Vogel** submitted written testimony, **EXHIBIT** (eds50a01).

Loran Frazier, School Administrators of Montana, avowed support for HB 108. **Mr. Frazier** asserted that HB 108 would be good management and would be worth a try.

{Tape : 1; Side : A; Approx. Time Counter : 1 - 5}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. NOENNIG closed on HB 108.

{Tape : 1; Side : A; Approx. Time Counter : 5 - 5.5}

HEARING ON HB 110

Sponsor: **REP. MARK NOENNIG, HD 9, Billings**

Proponents: **Bob Vogel, Montana School Boards Association**

Opponents: None

Opening Statement by Sponsor:

REP. MARK NOENNIG explained that HB 110 was requested by the **Montana School Boards Association**. The bill would eliminate a distinction in law that treats school districts differently from other governmental agencies, with regard to the investment of endowment funds. HB 110 would authorize a school district to invest endowments according to the provisions of the Uniform Management of Institutional Funds Act.

{Tape : 1; Side : A; Approx. Time Counter : 5.5 - 9}

Proponents' Testimony:

Bob Vogel, Montana School Boards Association, rose in support of HB 110. **Mr. Vogel** presented written testimony, **EXHIBIT** (eds50a02).

{Tape : 1; Side : A; Approx. Time Counter : 9 - 11}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. ED BUTCHER wondered what the phrase, "medical care for indigent patients", referred to on page two of **Mr. Vogel's** testimony. **Mr. Vogel** clarified that would refer to hospitals that would be treating students.

{Tape : 1; Side : A; Approx. Time Counter : 11 - 12}

Closing by Sponsor:

REP. MARK NOENNIG closed on HB 110.

{Tape : 1; Side : A; Approx. Time Counter : 12 - 13}

HEARING ON HB 358

Sponsor: **REP. KEITH BALES, HD 1, Otter**

Proponents: None

Opponents: None

Opening Statement by Sponsor:

REP. KEITH BALES opened on HB 358. The bill would allow the parents of at least two pupils, to petition the trustees to open or reopen an elementary school during a current fiscal year. It would permit the school to be classified as isolated before opening or reopening.

{Tape : 1; Side : A; Approx. Time Counter : 13 - 21}

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. JOHN BOHLINGER questioned whether a two pupil school would be entitled to the basic entitlement of \$18,250. **REP. BALES** stated that the school would receive the basic entitlement plus the ANB, which would be reduced by the amount of time the school had been closed.

SEN. BUTCHER queried how difficult it would be for schools to give the tax base. **REP. BALES** clarified that once a school district had been closed and consolidated into another school district, it would not be reopened. The school would be opened within the district.

SEN. BUTCHER suggested that the district would not get the \$18,250 basic entitlement, but would get a pro-rated amount of the base. **REP. BALES** theorized that each elementary school within a school district would get the base.

SEN. BUTCHER surmised that the school would negotiate with the main school district for funds needed to reopen. **REP. BALES** reiterated that the situation would have merit in the eyes of the school board and the county commissioners.

SEN. ALVIN ELLIS adduced that high school students would still have to be transported. **REP. BALES** maintained it would be easier for a high school age student to travel many miles on a bus than an elementary student.

SEN. DON RYAN felt the district could get the base entitlement because of the isolated location. He hypothecated that transportation costs could be lower. **REP. BALES** agreed with **SEN. RYAN**.

{Tape : 1; Side : A; Approx. Time Counter : 21 - 29}

Closing by Sponsor:

REP. BALES closed on HB 358.

HEARING ON HB 268

Sponsor: REP. RICK RIPLEY, HD 50, Wolf Creek

Proponents: Loran Frazier, School Administrators of Montana
Dave Puyear, Montana Rural Education Association
Bob Vogel, Montana School Boards Association

Opponents: None

Opening Statement by Sponsor:

REP. RICK RIPLEY opened on HB 268 explaining that it was requested by the **School Administrators of Montana**. He purported that it would increase the bidding requirements for a school district from \$15,000 to \$25,000.

{Tape : 1; Side : A; Approx. Time Counter : 29 - 31}

Proponents' Testimony:

Loren Frazier, School Administrators of Montana, reported that the bill came out of the **SAM** delegate assembly. He contended the bill would not prohibit school districts from contracting everything out for bid, but would allow them the opportunity to exempt bids up to \$25,000.

{Tape : 1; Side : A; Approx. Time Counter : 31 - 32}

Dave Puyear, Montana Rural Education Association, rose in support of HB 268. Mr. Puyear reminded the committee that HB 268 would be a time-saving measure for the administration in many of the small schools.

Bob Vogel, Montana School Boards Association, supported HB 268 echoing the contention it would be a great efficiency measure for school districts.

{Tape : 1; Side : B; Approx. Time Counter : 0 - 2}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. DEBBIE SHEA asked **Loran Frazier** to explain the amount of time needed to prepare a bid. **Mr. Frazier** explained the time and cost involved in preparing a bid.

Closing by Sponsor:

REP. RICK RIPLEY closed on HB 268. He informed the committee that the bidding process would require a school district to publish an ad three consecutive times during a two week period, adding to stressed budgets. He contended that it would be a direct benefit to school districts, allowing them to do business locally.

{Tape : 1; Side : B; Approx. Time Counter : 2 - 4}

EXECUTIVE ACTION ON HB 108

Motion/Vote: **SEN. COBB** moved that **HB 108 BE CONCURRED IN.** Motion carried unanimously.

CHAIRMAN GLASER announced that **SEN. JIM ELLIOT** would carry the bill.

EXECUTIVE ACTION ON HB 110

Motion/Vote: **SEN. SPRAGUE** moved that **HB 110 BE CONCURRED IN.** Motion carried unanimously.

CHAIRMAN GLASER announced that **SEN. DON RYAN** would carry the bill.

EXECUTIVE ACTION ON HB 268

Motion: **SEN. SPRAGUE** moved that **HB 268 BE CONCURRED IN.**

Discussion:

SEN. SHEA debated that the \$15,000 limit would not prohibit local workers from bidding on and receiving a contract.

SEN. BUTCHER stated that school districts should have the flexibility that the \$25,000 limit would provide. He rationalized that this would address the local control issue.

SEN. SHEA responded that the bill made her nervous.

SEN. RYAN felt that school districts should be given latitude when preparing bids.

SEN. ELLIS narrated that his experiences had been opposite of **SEN. SHEA'S** concerns. He felt local people would be more inclined to do a job if they did not have to go through the bidding process.

SEN. JOHN COBB recounted that most state contracts were at \$25,000. **CHAIRMAN BILL GLASER** said it would depend on the area of the government. He maintained that most school boards were interested in getting the best value for the dollar.

Vote: **SEN. SPRAGUE'S** motion that **HB 268 BE CONCURRED IN** carried unanimously.

CHAIRMAN GLASER announced that **SEN. JOHN COBB** would carry the bill.

EXECUTIVE ACTION ON HB 358

Motion/Vote: **SEN. RYAN** moved that **HB 358 BE CONCURRED IN**. Motion carried 10-3 with Bohlinger, Elliott, and Wells voting no.

{Tape : 1; Side : B; Approx. Time Counter : 4 - 14}

CHAIRMAN GLASER announced that **SEN. TOM ZOOK** would carry the bill.

Committee recessed until 4:35.

EXECUTIVE ACTION ON SB 101

Motion: **SEN. KITZENBERG** moved **SB 101 BE TAKEN FROM THE TABLE**.

Discussion:

SEN. SAM KITZENBERG reported that SB 101 would be a long range educational planning bill. He reported that the system works well in other states. He justified the significance of getting the bill to the Senate floor.

He debated that SB 101 would not be the total answer, but would address many of the long term problems facing education. **SEN. KITZENBERG** held that the bill would offer options that would be put before a vote of the people.

SEN. MIGNON WATERMAN spoke in favor of removing SB 101 from the table. She felt there had been a misunderstanding when the bill was tabled so she restated her opinion that the bill deserved to be debated.

SEN. JON ELLINGSON asked **SEN. KITZENBERG** to explain the funding mechanism in the bill. **SEN. KITZENBERG** responded that he was preparing amendments that would supply the funding mechanism, which would require the state to pick up the cost. LC 1442 would involve a 4% sales tax. 1% would pay for the bill, 1% would go to the university system and 2% would offer property tax relief. He reminded the committee that the entire bill would be put before the voters. He said he was trying to build a coalition with his funding mechanism.

SEN. BUTCHER speculated that the key to the bill would be the funding source. He wondered if the sales tax would be an all inclusive business transfer tax with no exemptions. **SEN. KITZENBERG** reported that he would exempt food and drugs.

SEN. BUTCHER wondered if he would be willing to designate the sales tax as being the sole source of education funding. He enjoined that he would support a sales tax if all property taxes for schools were eliminated.

SEN. ELLIS reported that he would vote to bring the bill off the table but would not support the bill. He cited his opposition to a statewide teacher's salary, arguing that it would undermine local control.

{Tape : 1; Side : B; Approx. Time Counter : 14 - 32}

SEN. KITZENBERG reminded the committee that he was a proponent of local control yet funding for teacher's salaries had become a large problem. Local school districts need additional help to maintain quality education in their districts. Local school districts would be able to add options to the salary schedule. He affirmed that a sales tax would need flexibility to succeed. He maintained the bill would be difficult to sell to the people, but he felt there were strong arguments for it.

SEN. JIM ELLIOT reasoned that a discussion of the funding mechanism belongs on a different bill. He declared that he had originally planned to bring forth a teacher salary bill, but

deferred to the knowledge and gumption of **SEN. KITZENBERG**. He theorized that a state wide salary schedule would diminish or eliminate the argument concerning cross district tuition and portability. **SEN. ELLIOT** contended the bill would give rural schools bidding equality with the largest and best schools in the state for high caliber teachers. He charged that the bill would receive support from school boards and administrators because it would eliminate the need for yearly negotiations with teachers.

SEN. BOHLINGER shared **SEN. KITZENBERG'S** concern for teacher's salaries and the need to provide competitive pay. He indicated he would like the discussion moved forward. He wondered if figures were available that would project the amount of money that would be raised with a 1% sales tax. He also questioned how many mills would be removed for K-12 funding if the sales tax were to pass. **SEN KITZENBERG** surmised that one percent would raise approximately 100 million dollars. Removing one mill, statewide, would be a consideration of the Taxation Committee.

CHAIRMAN GLASER recounted that 1% would raise approximately 120 million dollars. **SEN. ELLIS** clarified that the value of a mill would be 1.87 million dollars.

SEN. KITZENBERG agreed that LC 1442 would go to the Taxation Committee and adduced one bill would not solve all the problems in education. He echoed his feelings that the bill should go forward to the floor of the Senate.

SEN. BOHLINGER asked **CHAIRMAN GLASER** if LC 1442 were to move forward, would his bill LC 896 be pushed aside. **CHAIRMAN GLASER** responded that LC 896 was a separate issue and would not compete with **SEN. KITZENBERG'S** bill.

SEN. BOHLINGER wondered if SB 101 would depend on the passage of a sales tax. **Eddye McClure** advised that SB 101 was a general bill and LC 1442 would be the funding vehicle to move the bill.

SEN. KITZENBERG believed that SB 70 would address different revenue sources and would not be tied into a sales tax. It would address existing revenues in other components. He reasoned that SB 70 and SB 101 would complement each other.

SEN. MIKE SPRAGUE questioned what would happen if the 4% sales tax issue were amended out of the bill. **Eddye McClure** warned that the bill would die if it didn't contain a funding vehicle.

SEN. SPRAGUE hypothecated there would not be enough money in a constitutionally guaranteed 4% sales tax to replace a total tax.

He reminded the committee that 64% of all property tax currently goes to education, which leaves 36% for local government.

Vote: SEN. KITZENBERG'S motion that SB 101 BE REMOVED FROM THE TABLE carried 10-4 with Berry, Butcher, Glaser, and Wells voting no.

Motion/Vote: SEN. KITZENBERG moved that SB 101 BE AMENDED (SB010101.aem) EXHIBIT(eds50a03). Motion carried 13-1 with Cobb voting no.

Motion: SEN. KITZENBERG moved that SB 101 DO PASS AS AMENDED (SB010101.aem).

Discussion:

SEN. ELLIS expressed his displeasure with the idea behind SB 101. He explained that Montana ranks second in the west in the amount of personal income that is devoted to education. He argued that all workers in the state are paid less than their counterparts in other states. He narrated concerns that the bill would take local control away from the school boards. He pronounced opposition to the idea of a sales tax to help fund education.

SEN. ELLIOT alleged the discussion on SB 101 should be conducted on the floor of the Senate.

SEN. JACK WELLS agreed with the comments made by SEN. ELLIS. He stated that the taxpayers would be opposed to a sales tax and he reasoned that SB 101 would be a backdoor approach to adopt a sales tax on the backs of the children. He reiterated the fact that all salaries are low in the state of Montana.

SEN. BUTCHER contended that taxpayers might vote for a sales tax if all other taxes in the state were abolished.

Vote: SEN. KITZENBERG'S motion that SB 101 DO PASS AS AMENDED failed 7-7 with Ellingson, Elliott, Kitzenberg, Ryan, Shea, Sprague, and Waterman voting aye.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 32}

EXECUTIVE ACTION ON SB 239

Motion/Vote: SEN. RYAN moved that SB 239 BE AMENDED (SB023901.aem) EXHIBIT(eds50a04). Motion carried unanimously.

Motion: SEN. RYAN moved that SB 239 DO PASS AS AMENDED.

Discussion:

SEN. RYAN argued that the funding structure for schools was broken. He suggested that closures of neighborhood schools would impact the property values of those neighborhoods. SB 239 would put money into school districts and would not be taken away because of loss of enrollment. The bill would address the fixed expenses that come with the school districts. He asked that discussion on the bill take place on the floor of the Senate.

SEN. COBB wondered if the bill would fix the problem of "averaging down". SEN. RYAN indicated it would take the pressure off the loss of ANB because there would be a fixed amount that would cover the fixed costs in a school district.

SEN. ELLIS asserted his opposition to the motion. He agreed with SEN. RYAN'S assumption that neighborhood schools should remain open, while reminding the committee that those schools were open when the original funding bill was passed. The original funding bill was designed to fit those towns. He charged that the disparity has grown throughout the state. He maintained that if SB 239 were to pass it would consume all the money allotted in this session for education.

SEN. COBB asked SEN. ELLIS if this issue would be important if the funding were available. SEN. ELLIS explained that averaging enrollment would be a band-aid approach and schools would try to drop it if the enrollment would begin to rise. He maintained that small districts would benefit from averaging.

SEN. COBB wondered if SB 239 would be a good idea if we had the money to fund it. SEN. ELLIS claimed that the concept was good but the price tag was too high.

SEN. RYAN referred to a chart, **EXHIBIT(eds50a05)**, which showed that the smallest percentage would go to the large school districts. He asserted that the bill would keep small schools open. He declared that SB 239 would give money to every school in the state of Montana, regardless of what would happen to the enrollment. The money would remain with the school even though the enrollment would continue to fluctuate.

SEN. BOHLINGER hesitated to support SB 239 until the funding source could be identified. SEN. RYAN responded that he had heard that 39 million dollars could be available for education. He surmised the bill could end up in finance but the education discussion should continue before the full Senate.

CHAIRMAN GLASER informed the committee that the bill would contain a 12-13 million dollar property tax increase in addition to the 20 million dollars that would be distributed annually. Therefore, he would not support the bill.

Vote: SEN. RYAN'S motion that **SB 239 DO PASS AS AMENDED** failed 5-9 with **Ellingson, Kitzenberg, Ryan, Shea, and Waterman** voting aye.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 15}

ADJOURNMENT

Adjournment: 5:40 A.M.

SEN. BILL GLASER, Chairman

LINDA ASHWORTH, Secretary

BG/LA

EXHIBIT (eds50aad)